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THE DEVELOPMENT OF A SYSTEM OF FINANCIAL REPORTING
FOR

McHENRY COUNTY, NORTH DAKOTA

by

RAY F. JACOBSEN

B. S., Minot State Teachers College, 1951

Presented in partial fulfillment of the requirements for

the degree of

Master of Education

MONTANA STATE UNIVERSITY

1953

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TABLE OF CONTENTS

CHAPTER		PAGE
I.	THE PROBLEM AND ITS SETTING	1
	Statement of the problem	1
	Needs for the study	1
	Delimitation of the field of study	2
	Definition of terms used	3
	Methods of research	4
	Setting of the problem	5
II.	REVIEW OF RELATED LITERATURE	7
	Review of literature in general	7
	Basic principles underlying school finance	9
	The democracy principle	9
	Equality of opportunity	10
	Adaptability of school systems	11
	The variability principle	11
	The prudential principle	12
	The stability principle	13
III.	PRESENTATION OF DATA	15
	General control	16
	Instructional service	17
	Auxiliary agencies	19
	Operation expense	22
	Maintenance expense	23
	Fixed charges	24

Capital outlay	25
Debt service	26
Teacher load	27
General control	28
Instructional service	29
Auxiliary service	30
Transportation	31
Grade pupil tuition	32
Auxiliary service	33
Operation expense	34
Maintenance expenditures	35
Fixed charges	36
Capital outlay	37
Debt service	38
Appropriations	39
Assessed valuation	40
Assessed valuation per A. D. A.	41
Analysis of data	42
IV. SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS . . .	46
Summary	46
Conclusions	47
Recommendations	48
BIBLIOGRAPHY	49

CHAPTER I

THE PROBLEM AND ITS SETTING

Statement of problem. The purpose of the study is to present financial facts concerning the public schools of McHenry County in a concise form easily understood by both professional and lay people.

The two steps in the design of such a system are:

1. The determination of what information is needed.
2. The development of methods for presenting this information.

This report will show taxpayers, parents and public school officials where their tax dollar is being spent and the actual costs of education within the various districts of the county.

Need for the study. There is no office in the county where lay people may find a comparison of the cost of school districts in an easily understandable form. The only form available is the annual report of the county superintendent showing the condition of the public schools in McHenry County. This report gives a detailed analysis of financial data of school districts in the county but is not presented in a form encouraging lay and professional people to study these data.

The present district organization is such that plans for reorganization may be considered in the future. The

analysis of financial data which will be developed in this paper may be helpful in facilitating the study of reorganization plans.

The assessed valuation of the wealthiest district is approximately 14 times that of the poorest district. This is the type of information that should be studied by a large number of people.

After contacting school officials of McHenry County (Mr. Lester McDonald, clerk of the school board; Mr. James Weise, Superintendent; Mr. Emil F. Sather, Superintendent; Mr. Ralph Orndorf, board member; Mr. H. Boyd, board member; Miss Elsie Kramer, County Superintendent of Schools) it was found that a compact and simplified form of reporting was desired, because the various school officials were not aware of the cost per A. D. A. within the various districts. They desired a form which would give the expenditures by budgetary item per A. D. A. for each school district and to have listed the per cent of the total current budget for each of these items.

With the establishing of such a form a comparison of the cost of education within the county would be readily available and easily understood.

Delimitation of the field of study. This study is based upon data of school districts in McHenry County, North Dakota for the year 1951-52. This study does not cover the reporting of financial data which are specifically required

in the school laws of the state or are specifically required in the rules and regulations of the State Department of Education. There has been no attempt to check county procedure.

Definition of terms used. The following definitions of terms are according to the North Dakota Administrative Hand Book:

1. Budget shall mean a statement of the estimated income and expenditures during a fixed period. It is, furthermore, an authorization to incur the expenditures and to collect the income.
2. Rural School shall mean a county elementary school, usually consisting of one teacher for the 8 grades.
3. District or township shall mean an area comprising 36 square miles. Not an area six miles square.
4. "A.D.A." shall mean average daily attendance.
5. General Control shall mean school officers' salaries, school officers' expenses, and miscellaneous.
6. Instructional service shall mean:
 - a. Teachers' salaries (including superintendent)
 - b. Text books
 - c. Library books
 - d. Teaching supplies
 - e. Teachers' retirement fund
 - f. Withholding tax-federal
7. Auxiliary agencies shall mean:
 - a. Transportation
 - b. Tuition to other districts (for grade pupils)
 - c. Health (medical inspections, etc.)
 - d. Play equipment
 - e. Hot lunches, etc.
 - f. Miscellaneous

8. Operation shall mean:
 - a. Fuel
 - b. Light, water, and etc.
 - c. Janitors' wages
 - d. Janitors' supplies
 - e. Social security
9. Maintenance
 - a. Repairs to buildings and equipment
 - b. Upkeep of grounds, etc.
 - c. Miscellaneous
10. Fixed charge
 - a. Insurance
 - b. Rents
 - c. Miscellaneous
11. Capital outlay
 - a. New sites
 - b. New buildings
 - c. New equipment (furniture, maps, globes, trees, wells, etc.)
 - d. Miscellaneous
12. Debt service
 - a. Interest on certificates of indebtedness (if paid out of general fund)

Methods. This investigation was applied to all districts of the county :

1. The percentage of the total budget was used in each budgetary item for each district was calculated.
2. The amount of money used in each budgetary item for each school district was determined.
3. The cost of educating the children within the different districts of the county was determined.
4. The amount of money budgeted by the various districts for the purpose of educating the children

was determined.

Distribution charts for all of the districts were prepared, showing the range in the per cent of the total current budget spent in each budgetary item. Distribution charts were also prepared showing the ranges in the amount of money spent per A. D. A. in each budgetary item. A distribution chart of the assessed valuation per A. D. A. for each of the districts was prepared to show the variation in the ability of the districts to support an educational program.

The statistical records used in this study were obtained from the county superintendent's annual report to the State Department of Public Instruction for the school year of 1951-1952. At the time these records were obtained the statistical records for the school year 1952-1953 were not compiled.

Setting of the problem. There are 58 different school districts in McHenry County, and in these districts are located fully accredited, minor accredited, graded consolidated, and rural schools.

Of the 58 districts in the county 57 are operating schools. The total number of school buildings in the county is 80, and the total number of teachers is 183. This does not include the county superintendent and her assistants. The ration of teachers to districts is as follows:

- 16 one teacher systems
- 15 two teacher systems
- 8 three teacher systems
- 4 four teacher systems

4 five teacher systems
1 six teacher system
2 eight teacher systems
1 nine teacher system
1 eleven teacher system
1 thirteen teacher system
1 sixteen teacher system

CHAPTER II

REVIEW OF RELATED LITERATURE

THE NEED OF PUBLIC INFORMATION ABOUT SCHOOLS

The preservation of the institutions and ideals of our democracy, of which education is one, requires the existence of an intelligent and tolerant public opinion. According to Yeager:¹

"Citizens must be informed on public affairs in order to act upon them intelligently. Desirable legislative enactments, for example, can be based only on sound public opinion intelligently expressed. Education as a community enterprise can be maintained only by the intelligent and active support of the citizens." . . .

"Democracy as a way of living--and especially through the educational structure--should offer all youth means of achieving upward social mobility. The educational program is the principal means to bring this about. Its administration must be accompanied by an enlightenment that recognizes its possibilities and is willing to break with traditional barriers."

According to Moehlman² an uninformed community is not capable of judging its school intelligently, carefully and truly. He states:

"Such a community is subject to sudden emotions and desires in the hands of some designing and crafty demagogue. On the other hand, a well-informed group that has been carefully educated by the school board and executive in respect to the work of the school is able to judge the school in terms of social need, and to guard the educational plan carefully against partisan, bigoted, and ignorant attack."

¹ William A. Yeager, School-Community Relations (New York: The Dryden Press, Inc., 1951), pp. 10-11.

² Arthur B. Moehlman, Public School Relations (New York: Rand McNally Company, 1927), p. 20.

About obligations to the public, Batchelor³ says:

"Public confidence in the integrity of a corporation can neither be built nor maintained on the basis of megaphoning that which is good and concealing that which is bad. Public relations work, if it is to be of constructive value, involves the acceptance of a definite obligation. That obligation is to provide facts with scrupulous impartiality."

Wright and Christian have the following to say about publicity:⁴

"Publicity is the business of informing people about the policies, conduct, and activities of an institution in order that the people will understand, appreciate, and have confidence in that institution. Serving in this capacity, publicity must be recognized as an important tool in the practice of public relations."

Davis says:⁵

"The current financial problems of most school systems bring into prominence the need for accurate cost accounting in education. . . . The present need, however, is for an accounting which will cover all costs and for individual grades or subjects. . . . This necessary accounting cannot be done on any wholesale or general basis. It must be local, specific, and as accurate as any business accounting."

The above authorities emphasize the need for institutions to inform the citizens regarding the operations of these institutions. It is an obligation upon those in charge to give the facts which show both the strengths and weaknesses of these institutions. This is particularly true of the public school. This study covers the system of financial reporting employed

³ Fronson Batchelor, Profitable Public Relations (New York: Harper and Brothers, 1938), p. 103.

⁴ H. J. Wright and B. H. Christian, Public Relations in Management (New York: McGraw-Hill Company, 1949), p. 197.

⁵ H. H. Davis, Unit Costs of High School Subjects (American School Journal, August, 1932), p. 45.

in the school districts of McHenry County. In order to analyze these data as to whether they clearly show strengths or weaknesses in the public schools of this county a number of the basic principles of public school finance will be employed as guides.

BASIC PRINCIPLES UNDERLYING SCHOOL FINANCE⁶

1. The democracy principle. This principle is more often violated in the neglect of cultivating the public's insight and interests locally than by placing the power in the hands of central officials. In many school districts local participation is denied, even though the forms of local government are complied with.

Undoubtedly, it is true that greater centralization is required in certain areas in which there is a demand for uniformity of method and procedure that will result in comparable statistics in the several communities in the state and that will standardize the terminology and the interpretations of the required minimum standards.

Democracy in education does not mean that all the functions of conducting a school in a community must be performed by the local agents--such as boards of education, superintendents, and teachers, but rather that all functions are ultimately in the hands of all the people of the state, who

⁶ Paul R. Mort and Walter C. Reusser, Public School Finance (New York: McGraw-Hill, 1941), pp. 96-97.

have the authority to delegate all responsibilities to either state or local agents to distribute them among these agencies. The recent tendency to delegate more of the functions of education to central agencies has been necessary in order to serve other principles, this does not mean less control by the people of the state.

Public education has been and should continue to be a democratic institution. It should be kept close to the people whom it is to serve and should be sufficiently flexible to meet the changing needs of those for whom it is directly planned.

2. Equality of opportunity. Equality of educational opportunity is a principle that is fundamental in American education--a principle based upon the assumption that our democracy is best served by extending to all the children an equal minimum opportunity to attend schools adequate for the achievement of self-realization, economic efficiency, civic efficiency, and efficiency in human relationships. To deny this principle is to thwart the basic purposes of American education as they were conceived by its founders and as they have been developed to meet the needs of modern civilization.

Equality of educational opportunity means the provision by state or local means of at least certain minimum essentials in the provision of schools, their supervision, and their financial support.

Underlying the equality principle is the concept of

of assuring a minimum without placing a ceiling on opportunities--the idea of helping those handicapped by their economic and social environment. Equality of opportunity demands leveling up, not leveling down. It demands helping the slow, not hobbling the swift.

3. Adaptability of school systems. In a rapidly changing social and political structure, no institution can be in the vanguard or even keep reasonably up-to-date unless it has the capacity to make changes in its structure, in its methods, and in its purposes.

The continuance in the schools of practices that belong to the past and are ill adapted to the present is frequently tolerated to the point where the situation becomes absurd and where there is a sudden break with tradition, often resulting in hurriedly formulated policies and ill-considered practices that, while they introduce change, do not accomplish the most desirable improvement of the system.

4. The variability principle. The school system should be so organized, financed, and managed that there will be sufficient leeway in every unit to make those adjustments necessary to meet varying needs.

The principle that applies from community to community applies from school to school within a community--a fact sometimes overlooked in the attempt to obtain smooth working budgeting and accounting procedures. This principle can be violated by local officers, as well as by central officers.

The variability principle demands flexibility in meeting objectives, old and new.

5. The prudential principle. The great increase in the cost of public education in the last decade has been a topic of much discussion and has given concern to those who are responsible for the maintenance of adequate educational support. Since between the years 1900 and 1930 the cost of education has increased approximately 10 times, there has been much agitation, by those who are concerned with tax reduction, to curtail certain aspects of the school programs. Added impetus has been given to this movement because educational programs have been largely supported by local taxation. This has frequently resulted in the schools requiring from 50 to 60 per cent of the local tax dollar, or even more. Such facts have provided a fertile field for those propagandists who decry educational expenditures and who would, in the name of democracy, save the local taxpayer.

Although education is a state function, the administration of schools is carried on to a large extent in the approximately 85,200 (1949-1950) separate local school units in the United States. That many of these units are entirely too small to carry on an adequate program without an undue burden on the community. Those who have given any thought to the problem generally agree that greater efficiency, as well as greater economy, would be effected by the reorganization of school units in such a way that both larger attendance units would result.

Any change that is contemplated in the educational reorganization, in the determination of the authority and control of school systems, in the financial support of public education, and in the administration of the local school systems must be evaluated in the light of the prudential principle of sound economy.

In brief, the prudential principle demands that the school system should be so organized, financed, and managed that it will do the things agreed upon in such a way as to make sure that people are treated equitably, that discretion in action is not exercised by persons or agencies incapable of making good judgments, that funds are not lost or wasted, and that the school system is financially sound.

6. The stability principle. Much of the structural organization of schools and of the operational machinery springs from the universal desire to hold fast whatever has been proved good in experience. This is the positive objection of conservatism. The very ease with which the principle of stability can be overemphasized may readily lead to its importance being underrated.

From a financial standpoint this principle would seem to demand that the financial implications of new projects be thoroughly considered before they are embarked upon, so as to make certain that they do not jeopardize the old and the tried.

Certain other financial aspects, such as the assurance of a balanced budget, the avoidance of ups and downs in finan-

cial support, and the assurance that the educational program is not built upon an unstable tax system, can better be dealt with under the prudential principle. But one of the important purposes for the prudent management of funds and the balancing of budgets is their contribution to stability in the educational sense in which it is interpreted.

In budgetary practices, all these principles are operating. The practices actually followed must be a combination of forces. The prudential principle may come into conflict with any of the others.

After a careful study of the practices in county offices of other states, only two counties gave a complete cost per student analysis of their budgets. These were Contra Costa County, Martinez, California and Somerset County, Somerville, New Jersey.

CHAPTER III

PRESENTATION OF DATA

Equalizing the cost of education to the taxpayer is of first importance because it is basic to promoting the cause of equalizing educational opportunities.

The county superintendent's complicated report is not easily read or accessible to the average layman. A simplified report showing a per cent of total budget and the amount spent per A. D. A. for each budgetary item places before the public a knowledge of how each tax dollar is spent. This enables a school district to compare expenditures both with its past practice and with practices in other school districts.

The following tables will show the per cent of the total budget and the actual cash expenditures per A. D. A. for each budgetary item of the various school districts in McHenry County.

TABLE I

THE VARIATION IN PER CENT OF TOTAL CURRENT BUDGET SPENT
FOR GENERAL CONTROL AMONG THE SCHOOL DISTRICTS
IN McHENRY COUNTY FOR THE YEAR OF 1951-52.

Amount spent in per cent	Number of districts
0 to .99	4
1 to 1.99	11
2 to 2.99	16
3 to 3.99	12
4 to 4.99	8
5 to 5.99	5
6 to 6.99	0
7 to 7.99	1
8 to 8.99	0
76.75%	1

General control. Table I shows that of the fifty-eight school districts in McHenry County, four school districts used less than .99 of one per cent of the total budget for general control. Elm Grove, which had no school in session during the year of 1951-52, used 76.75 per cent of their budget for general control. A further analysis of the expenditures for general control reveal the following facts. Eleven districts used from 1 to 1.99 per cent of the budget for general control, sixteen districts used from 2 to 2.99 per cent, twelve districts used from 3 to 3.99 per cent, eight districts range from 4 to 4.99 per cent, five districts from 5 to 5.99 per cent, and one district from 7 to 7.99 per cent. The approximate county average is 1.80 per cent.

TABLE II

THE VARIATION IN PER CENT OF TOTAL CURRENT BUDGET
SPENT FOR INSTRUCTIONAL SERVICE
AMONG THE SCHOOL DISTRICTS

Amount spent in per cent	Number of districts
81 to 83	1
76 to 80	1
71 to 75	6
66 to 70	9
61 to 65	9
56 to 60	11
51 to 55	6
46 to 50	8
41 to 45	3
36 to 40	0
31 to 35	2
26 to 30	0
21 to 25	1

Instructional service a and f. Table II shows that Drake Special School District was low with an expenditure of 22.18 per cent of the total budget for instructional service, while Long Lake was high with 81.92 per cent. One district used from 76 to 80 per cent, six districts from 71 to 75 per cent, nine districts from 66 to 70 per cent, 11 districts from 56 to 60 per cent, three districts from 41 to 45 per cent, and two districts from 30 to 35 per cent. The county average was approximately 53.57 per cent.

TABLE III

THE VARIATION IN THE PER CENT OF TOTAL CURRENT BUDGET
SPENT FOR INSTRUCTIONAL SERVICE
AMONG THE SCHOOL DISTRICTS

Amount spent in per cent	Number of districts
1 to 2.99	1
3 to 4.99	4
5 to 6.99	21
7 to 8.99	15
9 to 10.99	9
11 to 12.99	4
13 to 14.99	1
15 to 16.99	2

Instructional service. The above table shows that Drake Special School District was low with an expenditure of 1.46 per cent for instructional service. Four districts range from 3 to 4.99 per cent, twenty-one districts spent from 5 to 6.99 per cent, fifteen districts from 7 to 8.99 per cent, nine districts from 9 to 10.99 per cent, four districts from 11 to 12.99 per cent, one district from 13 to 14.99 per cent, and two districts from 15 to 16.99 per cent of their current total budget. The approximate county average for instructional service b, c, d, and e, is 6.14 per cent.

TABLE IV

THE VARIATION IN THE PER CENT OF TOTAL CURRENT BUDGET
SPENT FOR TRANSPORTATION

Amount spent in per cent	Number of districts
0 to 2.99	10
3 to 5.99	9
6 to 8.99	10
9 to 11.99	4
12 to 14.99	4
15 to 17.99	3
18 to 20.99	2
21 to 23.99	1
24 to 26.99	2
33.73%	1

Auxiliary agency a. The above table shows ten districts spent less than 3 per cent for auxiliary agencies, while Lake District was high with 33.73 per cent. Nine districts spent from 3 to 5.99 per cent, ten districts, from 6 to 8.99 per cent, four districts, from 9 to 11.99 per cent, four districts, from 12 to 14.99 per cent, three districts, from 15 to 17.99 per cent, two districts, from 24 to 26.99 per cent. The range is from 0 per cent to a high of 33.73 per cent. The approximate county average for transportation was 6.64 per cent.

TABLE V

THE VARIATION IN PER CENT OF TOTAL CURRENT BUDGET SPENT
FOR GRADE PUPIL TUITION AMONG THE SCHOOL DISTRICTS

Amount spent in per cent	Number of districts
0 to .99	1
1 to 1.99	0
2 to 2.99	4
3 to 3.99	2
4 to 4.99	0
5 to 5.99	0
6 to 6.99	1
7 to 7.99	0
8 to 8.99	1

Auxiliary service b. The above table shows the range for tuition to several districts was from 0 to 8.99 per cent; there were only nine districts which had to pay for this service, as most of the children go to school within their own districts. The approximate county average spent for grade pupil tuition was .17 per cent of the total current budget.

TABLE VI

THE VARIATION IN THE PER CENT OF TOTAL CURRENT BUDGET
SPENT FOR AUXILIARY AGENCIES AMONG
AMONG THE SCHOOL DISTRICTS

Amount spent in per cent	Number of districts
0 to .99	13
1 to 1.99	4
2 to 2.99	1
3 to 3.99	1
4 to 4.99	0
5 to 5.99	0
6 to 6.99	0
7 to 7.99	0
8 to 8.99	1

Auxiliary service c, d, e, and f. According to Table VI, there were only twenty districts that appropriated money for the above service, and the majority of the districts that did appropriate money for this service spent less than 1 per cent of their current budget for such service. The approximate county average spent for such service was .78 per cent of the total current budget.

TABLE VII

THE VARIATION IN THE PER CENT OF THE TOTAL CURRENT BUDGET
SPENT FOR OPERATION AMONG THE SCHOOL DISTRICTS

Amount spent in per cent	Number of districts
0 to 2.99	5
3 to 5.99	20
6 to 8.99	14
9 to 11.99	2
12 to 14.99	9
15 to 17.99	5
18 to 20.99	1
21 to 23.99	0
24 to 26.99	1

Operation expense. Table VII shows the Elm Grove, which did not have school for the year of 1951-52, had no operating expense, while Layton School District spent 25.68 per cent of their current budget for operation. The general expenditure was between 3 and 9 per cent, with only seven school districts above 7 per cent. The approximate county average spent for operation expense was 9.59 per cent of the total current budget.

TABLE VIII

THE VARIATION IN THE PER CENT OF THE TOTAL CURRENT BUDGET
SPENT FOR MAINTENANCE AMONG THE SCHOOL DISTRICTS

Amount spent in per cent	Number of districts
0 to 2.99	21
3 to 5.99	17
6 to 8.99	3
9 to 11.99	7
12 to 14.99	2
15 to 17.99	4
18 to 20.99	2
36.65%	1

Maintenance expenditures. According to Table VIII, there is tremendous variation in the per cent of money spent for maintenance; Wintering School District did not appropriate any money for maintenance, while North Prairie spent 36.65 per cent of their budget for maintenance. Thirty-eight school districts spent less than 6 per cent for such, while nine districts spent over 12 per cent of their total current budget for maintenance. The approximate county average for maintenance was 4.35 per cent of the current budget.

TABLE IX

THE VARIATION IN THE PER CENT OF THE TOTAL CURRENT BUDGET
SPENT FOR FIXED CHARGES AMONG THE SCHOOL DISTRICTS

Amount spent in per cent	Number of districts
0 to .99	21
1 to 1.99	21
2 to 2.99	6
3 to 3.99	6
4 to 4.99	2
5 to 5.99	0
6 to 6.99	1
7 to 7.99	1
8 to 8.99	0
9 to 9.99	1

Fixed charges. Table IX shows that these charges were fairly uniform; forty-two of the fifty-eight school districts appropriated less than 2 per cent of their budget for such purposes. Elm Grove District was high with an appropriation of 9.95 per cent of their total current budget. There were only five school districts above 4 per cent. The approximate county average for fixed charges was 1.89 per cent of their current budget.

TABLE X

THE VARIATION IN THE PER CENT OF TOTAL CURRENT BUDGET
SPENT FOR CAPITAL OUTLAY
AMONG THE SCHOOL DISTRICTS

Amount spent in per cent	Number of districts
0 to 2.99	21
3 to 5.99	10
6 to 8.99	3
9 to 11.99	1
12 to 14.99	1
15 to 17.99	1
18 to 20.99	3
65.46%	1

Capital outlay. In Table X a tremendous variation is shown, ranging from 0 per cent to 65.46 per cent. Drake Special School District was high with an expenditure of 65.46 per cent. This was probably due to the construction of a new gymnasium. The expenditure of thirty-one school districts was less than 6 per cent, and sixteen school districts appropriated no money for such expenditure. The approximate county average for capital outlay was 13.92 per cent of the total current budget.

TABLE XI

THE VARIATION IN THE PER CENT OF TOTAL CURRENT BUDGET
SPENT FOR DEBT SERVICE
AMONG THE SCHOOL DISTRICTS

Amount spent in per cent	Number of districts
0 to .99	3
1 to 1.99	1
2 to 2.99	0
3 to 3.99	0
4 to 4.99	0
5 to 5.99	0
6 to 6.99	1
17.08%	1

Debt service. According to Table XI, of the six school districts that incurred debt service, four districts were below 2 per cent. Newport Special School District was high with an appropriation of 17.08 per cent. The approximate county average for debt service was 1.53 per cent.

TABLE XII

THE VARIATION IN THE NUMBER OF STUDENTS
PER TEACHER PER SCHOOL

Students per teacher	Number of districts
1 to 5	4
6 to 10	22
11 to 15	16
16 to 20	6
21 to 25	6
26 to 30	3

Teacher load. During the school year of 1951-1952, there were 3,052 children enrolled in the various schools of McHenry County. These schools employed 181 teachers. This is an average of 16.86 pupils per teacher. There were only six districts that maintained this average.

The following tables will show the actual cash expenditures per A. D. A. for each budgetary item of the various school districts in McHenry County for the year of 1951-52.

TABLE XIII

THE VARIATION IN THE AMOUNT PER A. D. A. SPENT
FOR GENERAL CONTROL AMONG THE SCHOOL DISTRICTS

Amount spent per A.D.A.	Number of districts
0 to 2.99	2
3.00 to 5.99	15
6.00 to 8.99	11
9.00 to 11.99	13
12.00 to 14.99	5
15.00 to 17.99	3
18.00 to 20.99	2
21.00 to 23.99	3
24.00 to 26.99	0
27.00 to 29.99	2
\$51.68	1

General control. Table XIII shows that Elm Grove District which did not have a school during the 1951-52 school year had no expenditures for general control, but Wintering School District showed a high of \$51.68 per A. D. A. This was exceptionally high as the county average was only \$4.09 per A. D. A.

TABLE XIV

THE VARIATION IN THE ACTUAL AMOUNT PER A. D. A.
SPENT FOR INSTRUCTIONAL SERVICE AMONG THE SCHOOL DISTRICTS

Amount spent per A.D.A.	Number of districts
25 to 49	0
50 to 74	2
75 to 99	0
100 to 124	3
125 to 149	12
150 to 174	8
175 to 199	11
200 to 224	5
225 to 249	5
250 to 274	2
275 to 299	4
300 to 324	1
325 to 349	2
350 to 374	1
375 to 399	0
\$458.55	1

Instructional service a and f. Table XIV shows that Layton School District was low with an expenditure of \$69.57 per A. D. A., while Wintering School District was high with an expenditure of \$458.55 per A. D. A. The average for the county was \$146.47 per A. D. A.

TABLE XV

THE VARIATION IN THE ACTUAL AMOUNT PER A. D. A.
SPENT FOR AUXILIARY SERVICE AMONG THE SCHOOL DISTRICTS

Amount spent per A.D.A	Number of districts
5 to 9	1
10 to 14	5
15 to 19	14
20 to 24	13
25 to 29	7
30 to 34	7
35 to 39	3
40 to 44	2
45 to 49	1
50 to 54	1
55 to 59	1
60 to 64	1

Auxiliary service a. Table XV shows a wide distribution, from \$5.00 to a high of \$64.00 with Norway School District being the highest per A. D. A. The county average was \$16.94 per A. D. A.

TABLE XVI

THE VARIATION IN THE ACTUAL AMOUNT PER A. D. A.
SPENT FOR TRANSPORTATION AMONG THE SCHOOL DISTRICTS

Amount spent per A.D.A.	Number of districts
0 to 9.00	11
10 to 19.00	10
20 to 29.00	8
30 to 39.00	6
40 to 49.00	0
50 to 59.00	3
60 to 69.00	4
70 to 79.00	3
80 to 89.00	1
90 to 99.00	0
100 to 109.00	2
\$133.16	1

Transportation. Table XVI shows that several districts did not appropriate any money for transportation, but Cottonwood Lake District spent \$133.16 per A. D. A. This is a one-room school employing one teacher with five students enrolled. The county average was \$18.31 per A. D. A.

TABLE XVII

THE VARIATION IN THE ACTUAL AMOUNT PER A. D. A.
SPENT FOR GRADE PUPIL TUITION
TO OTHER DISTRICTS AMONG THE SCHOOL DISTRICTS

Amount spent per A.D.A.	Number of districts
0 to 4.00	1
5 to 9.00	4
10 to 14.00	2
15 to 19.00	0
20 to 24.00	0
25 to 29.00	1
\$57.78	1

Grade pupil tuition. According to Table XVII,
there were only nine districts that appropriated money
for tuition, with Cottonwood Lake District high with an
expenditure of \$57.78 per A. D. A. The average for the
county was \$46 per A. D. A.

TABLE XVIII

THE VARIATION IN THE ACTUAL AMOUNT PER A. D. A.
SPENT FOR AUXILIARY SERVICE
AMONG THE SCHOOL DISTRICTS

Amount spent per A.D.A.	Number of districts
0 to .99	6
1 to 1.99	4
2 to 2.99	5
3 to 3.99	1
4 to 4.99	1
5 to 5.99	0
6 to 6.99	0
7 to 7.99	0
8 to 8.99	0
9 to 9.99	1
10 to 10.99	0
11 to 11.99	0
12 to 12.99	1
\$48.03	1

Auxiliary service c, d, e, and f. Table XVIII shows that twenty of the fifty-eight districts appropriated money for these important items. Of the twenty districts, seventeen were below \$5.00, while Haugon School District appropriated \$48.03 per A. D. A. The average for McHenry County was \$2.18 per A. D. A.

TABLE XIX

THE VARIATION IN THE ACTUAL AMOUNT PER A. D. A.
SPENT FOR OPERATION
AMONG THE SCHOOL DISTRICTS

Amount spent per A.D.A	Number of districts
0 to 4.99	3
5 to 9.99	5
10 to 14.99	10
15 to 19.99	4
20 to 24.99	9
25 to 29.99	6
30 to 34.99	5
35 to 39.99	2
40 to 44.99	3
45 to 49.99	4
50 to 54.99	3
55 to 59.99	1
60 to 64.99	1
\$90.11	1

Operation expense. According to Table XIX, Little Deep School District employed two teachers, had an enrollment of thirty pupils and spent \$3.64 per A. D. A. for operation expense, while Denbigh School District, which also employed two teachers and had an enrollment of eighteen pupils, spent \$90.11 per A. D. A. for operating expense. The average for McHenry County was \$26.49 per A. D. A.

TABLE XX

THE VARIATION IN THE ACTUAL AMOUNT PER A. D. A.
SPENT FOR MAINTENANCE
AMONG THE SCHOOL DISTRICTS

Amount spent per A.D.A.	Number of districts
0 to 9.99	25
10 to 19.99	12
20 to 29.99	6
30 to 39.99	4
40 to 49.99	1
50 to 59.99	1
60 to 69.99	0
70 to 79.99	5
80 to 89.99	1
\$179.05	1

Maintenance expenditures. The above table shows that North Prairie School District spent a high of \$179.05 per A. D. A. for maintenance. They employed two teachers and had twenty-one students. The average for McHenry County was \$12.01 per A. D. A.

TABLE XXI

THE VARIATION IN THE ACTUAL AMOUNT SPENT PER A. D. A.
FOR FIXED CHARGES
AMONG THE SCHOOL DISTRICTS

Amount spent per A.D.A.	Number of districts
0 to 1.99	9
2 to 3.99	19
4 to 5.99	7
6 to 7.99	12
8 to 9.99	6
10 to 11.99	0
12 to 13.99	1
14 to 15.99	2
\$37.25	1

Fixed charges. Table XXI shows that Haugon School District was high with an expenditure of \$37.25 per A. D. A. They employed one teacher and had six pupils enrolled. The average for McHenry County was \$5.23 per A. D. A.

TABLE XXII

THE VARIATION IN THE ACTUAL AMOUNT SPENT PER A. D. A.
FOR CAPITAL OUTLAY
AMONG THE SCHOOL DISTRICTS

Amount spent per A.D.A.	Number of districts
0 to 9.99	22
10 to 19.99	8
20 to 29.99	4
30 to 39.99	0
40 to 49.99	1
50 to 59.99	0
60 to 69.99	2
70 to 79.99	1
\$100.86	1
119.71	1
414.44	1

Capital outlay. Table XXII shows that only forty-one districts appropriated money for capital outlay, Drake Special School District was high with an expenditure of \$414.44 per A. D. A. This was probably due to the construction of a new gymnasium. It is interesting to note that thirty-four of the districts spent less than \$30.00 per A. A. A. for capital outlay. The average for McHenry County was \$38.42 per A. D. A.

TABLE XXIII

THE VARIATION IN THE ACTUAL AMOUNT SPENT PER A. D. A.
FOR DEBT SERVICE
AMONG THE SCHOOL DISTRICTS

Amount spent per A.D.A.	Number of districts
.39	1
1.09	1
1.22	1
6.97	1
14.97	1
42.23	1

Debt service. According to Table XXIII there were only six school districts which incurred debt service with Newport Special high with \$42.23 per A. D. A. The average for McHenry County was \$4.23 per A. D. A.

TABLE XXIV

THE VARIATION IN THE AMOUNT PER A. D. A. APPROPRIATED
FOR CURRENT OPERATION BY THE VARIOUS SCHOOL
DISTRICTS IN McHENRY COUNTY

Appropriation per A.D.A.	Number of districts
0 to 99.00	1
100 to 199.00	5
200 to 299.00	18
300 to 399.00	19
400 to 499.00	9
500 to 599.00	3
600 to 699.00	3

Appropriations. Table XXIV shows there is considerable variation in the amounts appropriated by the various districts; forty-three districts appropriated less than \$400.00 per A. D. A., while the highest was appropriated by Wintering School District, \$692.32 per A. D. A. This district employed one teacher and had an enrollment of only four students. The average for McHenry County was \$358.42 per A. D. A.

TABLE XXV

THE VARIATION IN THE AMOUNT OF ASSESSED VALUATION
PER DISTRICT IN McHENRY COUNTY

Assessed valuation	Number of districts
50,000 to 100,000	11
100,001 to 150,000	7
150,001 to 200,000	11
200,001 to 250,000	9
250,001 to 300,000	6
300,001 to 350,000	7
350,001 to 400,000	1
400,001 to 450,000	2
450,001 to 500,000	1
500,001 to 550,000	0
550,001 to 600,000	0
600,001 to 650,000	1
650,001 to 700,000	1

Assessed valuation. Table XXV shows the assessed valuation of all the school districts in McHenry County is \$13,143,620.00. This is an average of \$226,614.00 per district. Newport Special is high with an assessed valuation of \$731,480.00. Long Lake is low with an assessed valuation of \$51,030.00.

TABLE XXVI

THE VARIATION OF THE ASSESSED VALUATION
FOR A. D. A. AMONG THE SCHOOL DISTRICTS

Assessed per A.D.A.	Number of districts
0 to 5,000.00	15
5,001 to 10,000.00	20
10,001 to 15,000.00	13
15,001 to 20,000.00	4
20,001 to 25,000.00	2
25,001 to 30,000.00	0
30,001 to 35,000.00	2
35,001 to 40,000.00	1

Assessed valuation per A. D. A. This table shows that fifty-two districts operate on \$20,000.00 assessed valuation or less per A. D. A., while five districts have an assessed valuation over that amount per A. D. A. Haugon District with the highest assessed valuation has approximately twenty-one times as much as South Bend, the poorest district.

This wide range in total approved budgets shows a definite weakness in the present financial system of education. The children of 45 districts which have no high schools are educated in the public schools of the thirteen districts which maintain high school systems. This throws a tremendous burden on the one district in which the high school is located, as almost 60 per cent of the budget revenue comes as a result of local taxation.

This investigation reveals a wide range in amounts expended for general control and maintenance. Some districts operating one-room schools or no schools show a disproportionately large outlay of budget for school officers' salaries and repair and upkeep of buildings.

The extreme high and low percentage of budgets for teachers' salaries can be explained in this manner. The schools showing a high budget cost for teacher's salaries are one-room rural schools where operational expenses are low, teaching supplies are practically unheard of, and transportation does not enter the picture. The low percentages come from districts building additions to their schools where the greatest outlay of money is for the purpose of building.

The percentages spent for instructional purposes may seem to be misleading in that the schools maintaining high schools purchase less in percentages, but actually spend more money. The cost per pupil average is lower, because

the cost is spread over a greater number of pupils.

The amount spent for auxiliary agencies shows that schools operating in cities or villages had little or no expenditures, while those operating no schools expended a high proportion for tuition to other districts and transportation of their children to other schools.

The operation costs of the schools show that one-room rural schools spend as high as 26 per cent of the budget for this purpose. The maintenance cost of one-room rural schools are also relatively high in comparison with city or village schools.

The fixed charges would naturally be less in one-room rural schools due to the fact that the buildings are not as expensive, therefore, the charges for insurance are not as heavy. The capital outlay was negligible because no new buildings or additions were built. In those districts where as high as 65 per cent of the budget went for capital outlay, new buildings or additions were being made to the original plant.

How can public education adhere to the democracy principle of school finance when some school districts continue to operate one-room rural schools that are not flexible, and do not meet the changing needs of those for whom it is directly planned?

Do our schools adhere to the equality of opportunity? Equality of opportunity demands leveling up, not leveling down. Small schools do not have adequate facilities nor the

trained personnel to take care of any handicapped children within their district. Do our one or two teacher school systems which lack a gymnasium and do not employ a teacher fully trained in physical education have the means or ways to give their children equal opportunities to a school which has these facilities? Most of the one-room rural schools are lacking in qualified art and music teachers. Should some of the young people of McHenry County be penalized because desirable educational opportunities are not available? The districts with low assessed valuation per A. D. A. cannot compete with the richer districts.

Supervision for these poorly prepared teachers is lacking. The only supervision now comes from the County Superintendent of Schools. The present North Dakota requirements for this office is a two-year standard certificate, and it is impossible for her to provide adequate supervision for a large number of teachers.

In order to adhere to the adaptability of school systems, it must have the capacity to make changes in its structure, its methods, and in its purposes. The small school has neither the personnel nor a sufficient budget to affect these changes. They continue to adhere to practices of the past, they usually employ unqualified teachers who lack experience, while they may introduce change, are they accomplishing the most desirable improvement of the system?

In order to meet the principle of variability in the system, the school should be so organized, financed, and managed that there will be sufficient leeway in every unit to make those adjustments necessary to meet varying needs; it must be flexible. Can this criterion be followed if a school district has a one-room school, lacks proper finance, adequate instructional material, and the teacher has to teach all eight grades?

Can the prudential principle of finance be maintained when the assessed valuation of some districts is almost fifteen times greater than that of others? How can they carry on an adequate program without undue burden on the community? Could the people of the community be treated more equitably if we had reorganization for larger attendance and administrative units?

Much of the structural organization of schools and of the operational machinery springs from the universal desire to hold just whatever has been proved good. Whatever was good enough for them is good enough for their children. Many times they fail to see that in this changing world, the education of children must improve to keep pace. Out of a possible seventy-two school districts in 1889, McHenry County still operates fifty-seven school districts. Is this stability good in 1953 with modern means of transportation to more efficient systems of education?

CHAPTER IV

SUMMARY AND CONCLUSIONS

Summary. The purpose of the study is to present financial facts concerning the public schools of McHenry County in a concise form easily understood by both professional and lay people. There is no office in the county where lay people may find a comparison of the cost of school districts in an easily understandable form. After contacting various school officials throughout the county and the County Superintendent, it was found that a compact and simplified form of reporting was desired.

This study is restricted to school districts in McHenry County, North Dakota for the year 1951-1952.

School officials, county officials, and some lay people have been concerned about the inequalities of the tax burden which goes to support McHenry County schools. This investigation is applied to the financial administration of all districts within the county. There are fifty-eight districts in McHenry County, and in these districts are located fully accredited, minor accredited, graded consolidated, and rural schools.

Equalizing the cost of education to the taxpayer is of first importance because it is basic to promoting the cause of equalizing educational opportunities. Of the fifty-eight districts in McHenry County, the cost of general control

ranged from less than .99 of one per cent of the total budget to as high as 7.99 per cent. For instructional service (teacher salaries) the range was from 22.18 per cent to a high of 34 per cent. Other instructional service ranged from 1.46 per cent to 16.99 per cent. Auxiliary agencies ranged from 0 per cent to a high of 8.99 per cent. In operation expense the range was from 0 to 26.99 per cent. Maintenance expenditures ranged from 0 to 36.65 per cent. Fixed charges ranged from .35 to 9.99 per cent. Capital outlay ranged from 0 to 16.99 per cent. Debt service showed three districts using less than 1 per cent while the high was 17.8 per cent. The grand total amount of warrants issued for all purposes during the school year of 1951-52 was \$800,459.30. Drake Special School District received a high of \$139,292.40, while Elm Grove District received only \$105.54. This investigation reveals a wide range in the amount of expenditures for the various departments.

Conclusions. This investigation discloses the following information:

1. The smaller the administrative unit, the greater the cost per pupil.
2. A great range of assessed valuation per A. D. A. among the districts.
3. A great inequality of tax burden for schools from township to township
4. A simplified financial system should be in use.

Recommendations. As a result of this study, the following recommendations may be warranted:

1. Use of the findings of this survey by the McHenry County Reorganization Committee.
2. That a simplified form of reporting be made available to lay people, school officials, and county officials.
3. That a similar report be made public annually.
4. A break down between the cost of elementary and secondary education.
5. That McHenry County publish an annual report showing:
 - a. Assessed valuation per district
 - b. Total amount appropriated per district
 - c. Assessed valuation per A. D. A.
 - d. Per cent of total budget spent for each budgetary item in each district
 - e. Cost per A. D. A. for each budgetary item in each district
 - f. Average cost of current operation per A. D. A. in McHenry County per budgetary item for each district
 - g. State average per A. D. A. budgetary item

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